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Article

World Economy Winter 2016 - World economy is gaining traction

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KIEL INSTITUTE **ECONOMIC OUTLOOK**

World Economy
Winter 2016

Finalized December 14, 2016



No. 25 (2016|Q4)

*Klaus-Jürgen Gern, Philipp Hauber,
Stefan Kooths, and Ulrich Stolzenburg*

WORLD ECONOMY IS GAINING TRACTION

Klaus-Jürgen Gern, Philipp Hauber, Stefan Kooths, and Ulrich Stolzenburg

World economic growth has picked up from the sluggish pace registered at the start of the year. We expect global growth at PPP exchange rates to accelerate to 3.5 and 3.6 percent in 2017 and 2018, respectively, up from 3.1 percent this year. Growth in advanced economies will continue at a slightly faster pace, fueled by expansionary monetary and increasingly also fiscal policies, particularly in the United States. Rising wages will also underpin growth. Despite the recent agreement of oil producers to cut production, we do not assume oil prices to rise sharply as implementation of the agreement is expected to be only partial and the global oil market should remain well supplied for some time to come. Growth in the emerging economies is set to accelerate gradually over the forecast horizon, but persistence of relatively low commodity prices and structural impediments to growth should restrain the growth momentum going forward.

Global growth in 2016 disappointed, but economic momentum has recently improved. Following the marked slowdown during the winter of 2015/16, the world economy has turned around during the year and achieved the highest quarterly growth rate in more than two years. The acceleration was largely due to developments in the United States. Growth in the emerging economies also improved on aggregate, although the economy in some countries remained in a poor state.

It is too early to tell what a Trump presidency will mean for the US economy, but the stimulative effects of a more expansionary fiscal policy may be overestimated. Our take is that the US economy is operating close to its potential. A large fiscal stimulus would therefore result in rising prices and wages as well as a stronger dollar limiting the effect on domestic output. Deportation of illegal immigrants on a large scale would only add to inflationary pressures due to its negative effect on potential output.

Protectionist policies and weaker institutions would hurt medium-term growth prospects. The president-elect has a decidedly skeptical attitude towards globalization. True, international trade is challenging as it does increase competitive pressures and triggers structural change which has to be socially managed. At the same time, however, it is an important source of economic growth and rising welfare as it drives productivity growth and raises consumption possibilities also for low-income earners.

The decision of OPEC to cut production will support oil prices, but a complete implementation of the agreement is unlikely. Crude oil prices rose sharply in early December following the agreement of OPEC members on country-specific production quotas and the following pledge of a group of other important oil producers to join into the production cuts. We expect, however, that obligations from the agreement, as in the past, will not be fully met, and prices should give up part of their recent gains as global supply turns out to remain abundant. Thus, we have only slightly revised upwards our forecast for oil prices to a level of 53 and 55 dollar per barrel (Brent) in 2017 and 2018, respectively, after 46 dollar this year.

Monetary policies in advanced economies continue to diverge, with rate hikes in the US and prolonged conventional and unconventional easing in the euro area and Japan. After having postponed the second rate hike on several occasions, the Federal Reserve raised interest rates again on December 14, 2016. We expect a further tightening of monetary policy in the US, with the lower bound of the target band for the Effective Fed Funds Rate reaching 1.5 percent by the end of 2018. Interest rates in the euro area and Japan, by contrast, will stay at the zero lower bound. Expectation of diverging monetary policies has strengthened the dollar, which since early 2014 has appreciated by over 20 percent in nominal effective terms.

Fiscal policy will turn expansionary in coming years. Increasingly, the fiscal space resulting from lower interest rates is being used to raise government spending or cut taxes. This year already saw the structural primary government balance in the euro area, Japan and the United States deteriorate somewhat. We expect this trend to continue over the forecast horizon. For the United States, we expect a significant fiscal stimulus as proponents of the new government proposed to cut taxes and increase spending. However, we believe that during negotiations with congress the extent of these measures will be reduced to a moderate size.

The world economy is forecast to gather pace with global output rising by 3.5 and 3.6 percent in 2017 and 2018, respectively, after the meager growth of 3.1 percent this year. World trade, having stagnated in the course of this year, will likely pick up. With growth of 2 respectively 3 percent in the coming two years, it will, however, remain weak compared to global production growth (Table 1).

Growth in the US will pick up markedly, rising to 2.7 percent by 2018. After a weak start into the year the US economy grew by 0.8 percent in the third quarter. While short-term forecasting models suggest that the expansion is currently continuing at a slightly less vigorous pace, we expect the economy to further gain traction further out as monetary policy is remaining accommodative and fiscal policy is becoming increasingly supportive.

The outlook for the euro area remains moderate, with the economy growing by 1.7 percent in both 2017 and 2018. While coincident indicators signal an acceleration of growth in the fourth quarter, a sustained strong upswing is not in sight. Unresolved structural issues in parts of the monetary union are weighing on growth. Underlying inflation will remain low, while headline inflation will rise from 0.2 percent this year to 1.2 and 1.4 percent in 2017 and 2018, respectively, as the base effects from cheaper oil subside.

The expansion in the UK will decelerate markedly. While the immediate consequences of the vote to leave the EU have so far been less negative than anticipated, the outlook remains clouded by uncertainty, and we continue to expect that internal demand growth will slow substantially in 2017 compared to previous years. The medium-term outlook crucially hinges on the ability of the UK to establish a constructive relationship with the EU minimizing restrictions on free trade in goods and services as well as on labor mobility.

Growth in China will slow further. Driven by expansionary monetary policy as well as additional government spending, the Chinese economy will likely expand by 6.6 percent this year (after growing by 6.9 percent in 2015). Policymakers seem to be well aware of the risks that further rapid credit expansion entails. Thus, we expect growth to slow further in the coming two years to 6.4 and 5.9 percent, respectively, in line with the government's objective of rebalancing the economy towards a "new normal" of lower, but more sustainable growth.

Uncertainty about the outlook has increased. Forecasting the future path of the world economy is complicated by the fact that fundamental tenets of economic policy such as a commitment to free trade or the European integration are increasingly being questioned, raising uncertainty about the conduct of economic policy worldwide. It is in this environment that it is becoming clearer and clearer that monetary policy has reached its limits and unintended side effects of low interest rates are rising, including risks to financial sector stability.

Table 1:
Real GDP and consumer prices in selected countries and regions, 2016–2018

	Gross domestic product			Consumer prices		
	2016	2017	2018	2016	2017	2018
United States	1.6	2.5	2.7	1.3	2.3	2.6
Japan	1.0	1.2	0.7	-0.1	0.5	0.6
Euro Area	1.7	1.7	1.7	0.0	1.2	1.4
United Kingdom	1.6	1.2	1.6	0.9	2.4	2.0
Advanced economies total	1.7	2.1	2.1	0.7	1.7	1.8
China	6.6	6.4	5.9	1.9	2.0	2.3
Latin America	-1.2	1.0	2.0	8.5	6.4	5.8
India	7.1	6.8	7.2	5.3	5.5	5.5
East Asia	4.8	4.9	5.1	2.4	3.2	3.3
Russia	-0.6	1.2	1.7	7.0	6.0	5.0
World economy total	3.1	3.5	3.6	3.0	3.3	3.5
<i>Addendum:</i>						
World trade volume	1.0	2.0	3.0	.	.	.
Oil price (Brent in US-\$)	44.9	52.9	55.3	.	.	.
World economy total (weighted according to GDP at market exchange rates)	2.4	2.9	3.0	2.4	2.8	3.0

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: IfW forecast.

Source: IfW forecast.

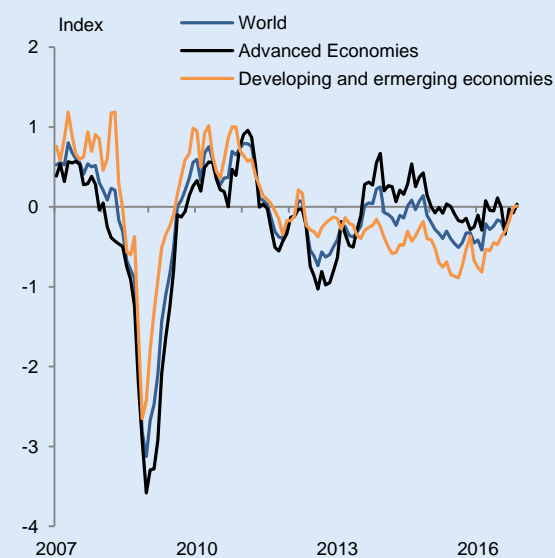
Data annex

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1. World Economy

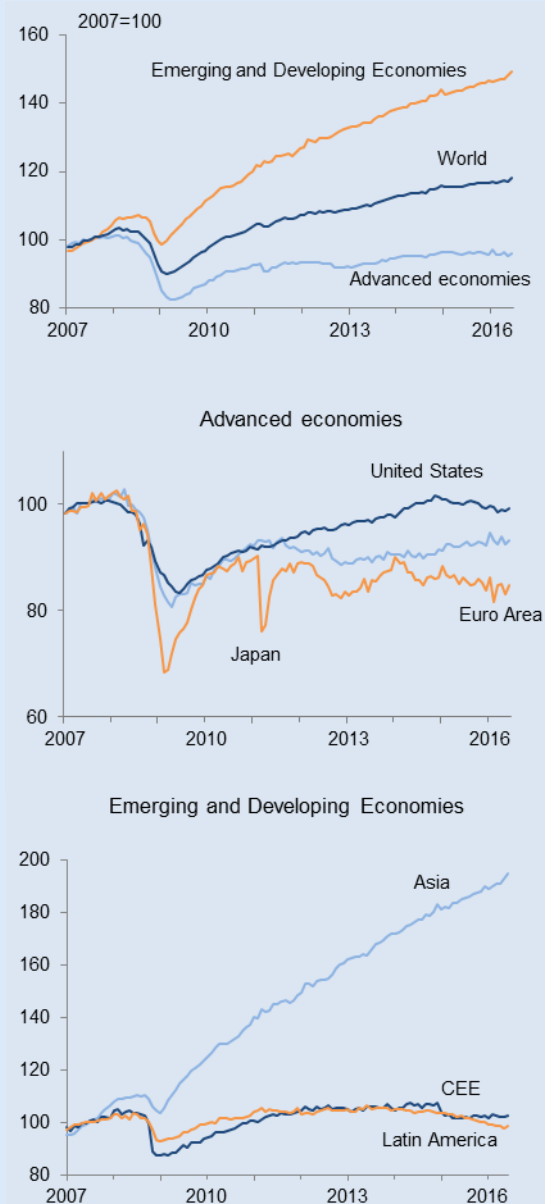
Figure 1.1:
Business expectations by groups of countries, 2007–2016



Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; own calculations.

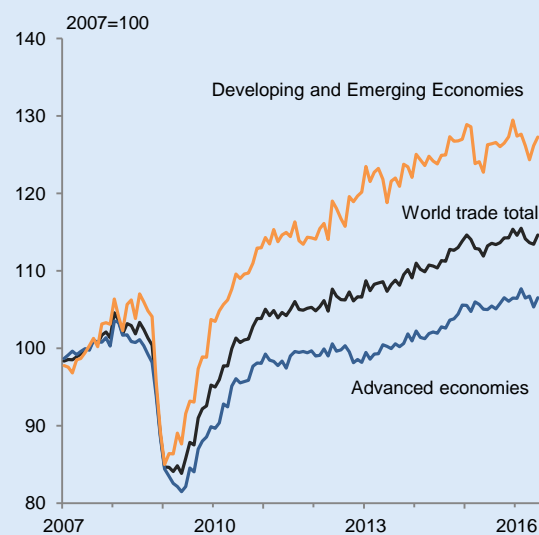
Figure 1.2:
Industrial production by groups of countries and regions, 2007–2016



Monthly Data.

Source: CPB, *World Trade Monitor*.

Figure 1.3:
World economic activity, 2007–2016

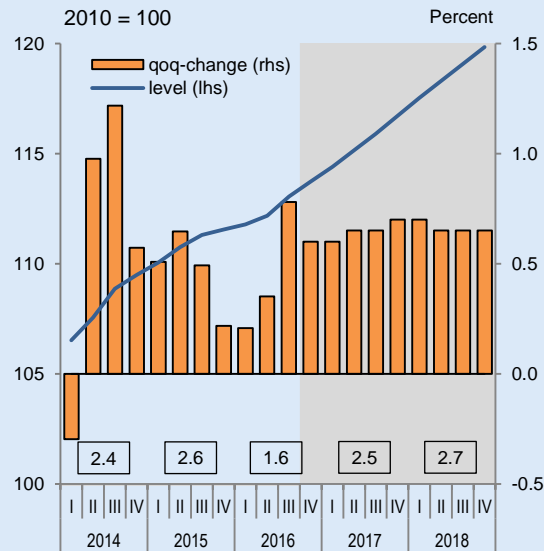


Monthly Data.

Source: CPB, *World Trade Monitor*; own calculated.

2. United States

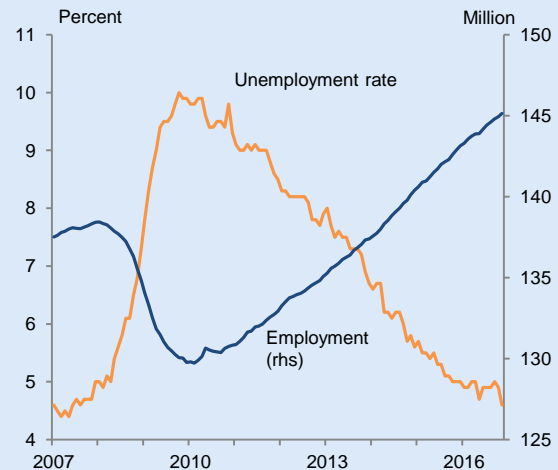
Figure 2.1:
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Bureau of Economic Analysis, National Income and Product Accounts; shaded: IfW forecast.

Figure 2.2:
Labor market, 2007–2016



Monthly data; seasonally adjusted.

Source: US Department of Labor, *Employment Situation*.

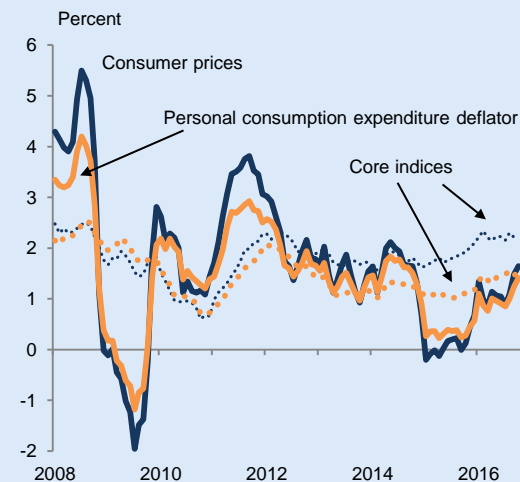
Table 2.1:
Key indicators United States, 2015–2018

	2015	2016	2017	2018
Gross Domestic Product	2.6	1.6	2.5	2.7
Domestic expenditure	3.1	2.0	2.7	3.0
Private consumption	3.2	2.6	2.8	2.7
Government consumption	1.8	0.8	1.8	3.2
Gross fixed capital formation	4.0	0.6	3.1	4.3
Machinery and equipment	3.5	-2.9	1.3	3.2
Intellectual property rights	4.8	4.5	3.1	3.2
Structures	-4.4	-2.8	3.7	5.6
Residential investment	11.7	4.9	5.2	6.3
Inventories	0.2	-0.4	0.1	0.0
Net exports	-0.7	-0.4	-0.1	-0.3
Exports	0.1	0.8	3.1	3.0
Imports	4.6	0.8	4.5	5.6
Consumer prices	0.1	1.3	2.3	2.6
Unemployment rate	5.3	4.9	4.5	4.5
Current account balance	-2.6	-2.5	-2.6	-2.7
Government budget balance	-2.5	-3.2	-3.6	-4.0

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: IfW forecast.

Figure 2.3:
Consumer prices, 2007–2016

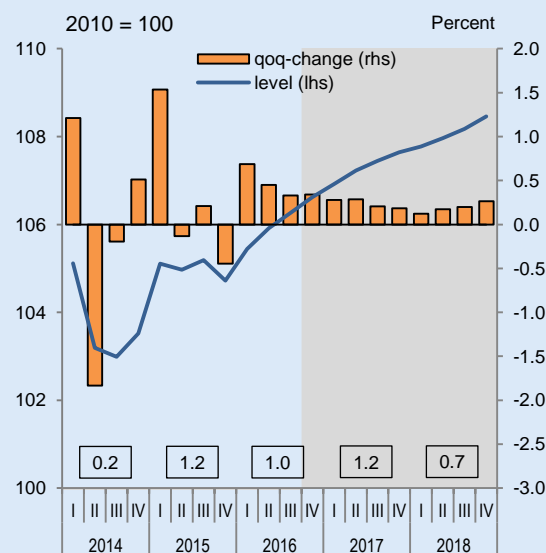


Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

3. Japan

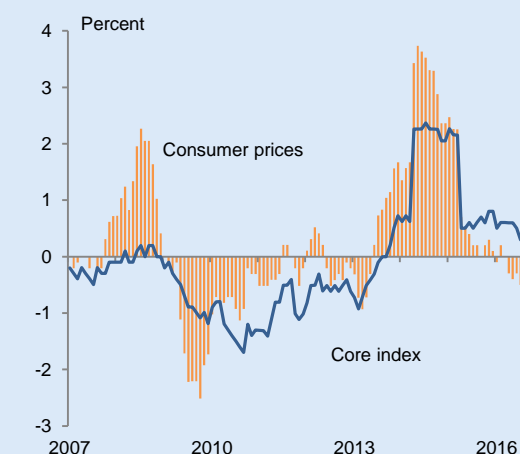
Figure 3.1:
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Cabinet Office, *National accounts*; shaded: IFW forecast.

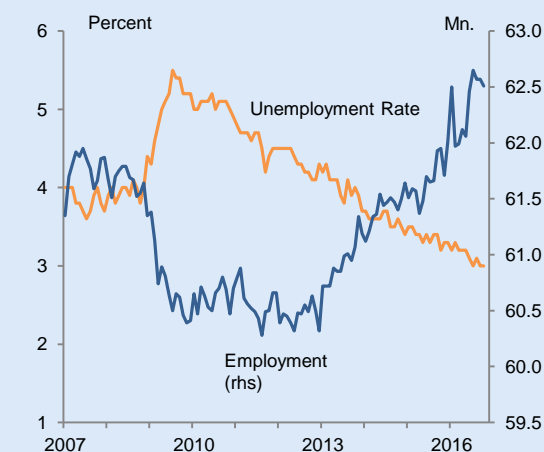
Figure 3.3:
Consumer prices, 2007–2016



Monthly data, change over previous year. Core index: Consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan, *Consumer Price Index*.

Figure 3.2:
Labor market, 2007–2016



Monatsdaten; saisonbereinigt.

Quelle: Department of Labor, *Labor Force Survey*.

Table 3.1:
Key indicators Japan, 2015–2018

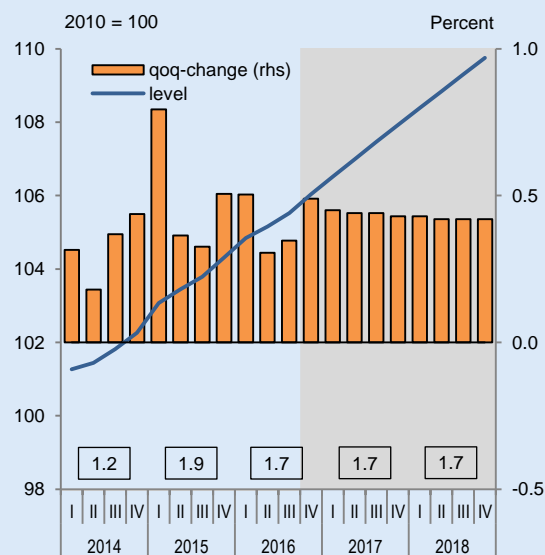
	2015	2016	2017	2018
Gross Domestic Product	1.2	1.0	1.2	0.7
Domestic expenditure	0.8	0.6	1.1	0.7
Private consumption	-0.4	0.4	0.9	0.8
Government consumption	1.6	1.5	0.9	1.1
Gross fixed capital formation	0.2	1.0	2.2	-0.1
Enterprises	1.2	0.8	1.9	0.1
Residential Investment	-1.8	5.8	5.2	2.3
Public investment	-1.7	-1.3	1.0	-2.2
Change in inventories	0.6	-0.2	-0.1	0.0
Net exports	0.4	0.3	0.0	0.1
Exports	3.0	0.3	1.8	2.5
Imports	0.1	-2.0	1.5	2.1
Consumer prices	0.8	-0.1	0.5	0.6
Unemployment rate	3.4	3.1	3.0	3.0
Current account balance	2.9	3.7	3.3	3.4
Government budget balance	-5.4	-5.3	-5.5	-4.8

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: IFW forecast.

4. Euro Area

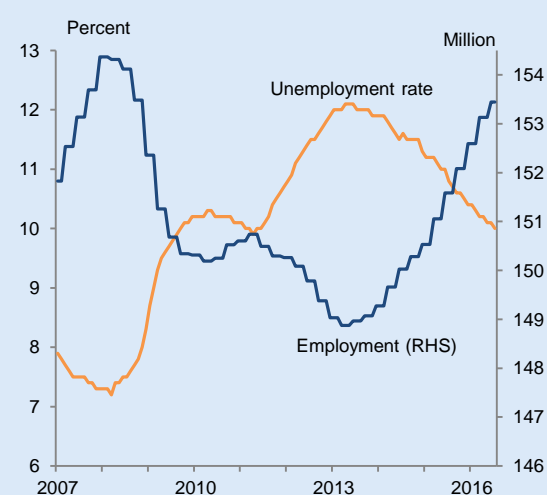
Figure 4.1:
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National accounts*; shaded: IfW forecast.

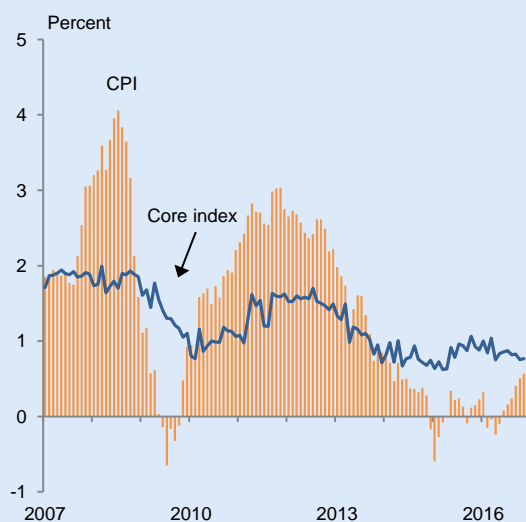
Figure 4.2:
Labor market, 2007–2016



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

Figure 4.3:
Consumer prices, 2007–2016



Monthly data; yoy change. Core index: CPI without Energy and Food.

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators Euro Area, 2015–2018

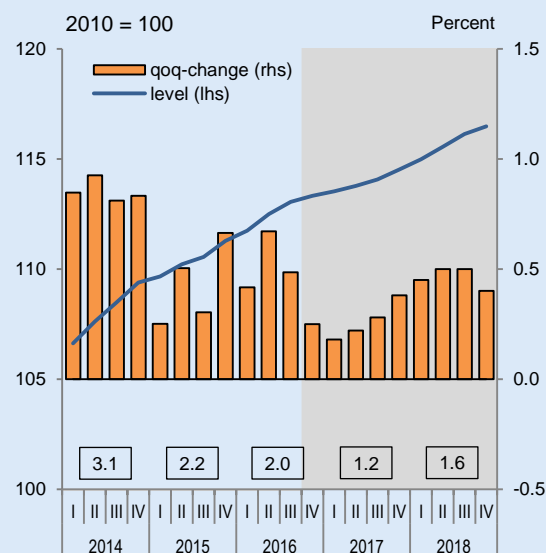
	2015	2016	2017	2017
Gross Domestic Product	1.9	1.7	1.7	1.7
Domestic expenditure	1.7	2.0	1.9	1.9
Private consumption	1.8	1.7	1.6	1.7
Government consumption	1.4	1.9	1.5	1.4
Gross fixed capital formation	2.9	2.9	3.1	3.4
Inventories	-0.2	-0.1	0.0	-0.0
Net exports	0.3	-0.2	-0.1	-0.1
Exports	6.2	2.4	3.5	4.3
Imports	6.2	3.1	4.1	5.0
Consumer prices	0.0	0.2	1.2	1.4
Unemployment rate	10.9	10.1	9.5	8.8
Current account balance	3.1	3.2	3.1	3.0
Government budget balance	-2.1	-1.9	-1.7	-1.5

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: IfW forecast.

5. United Kingdom

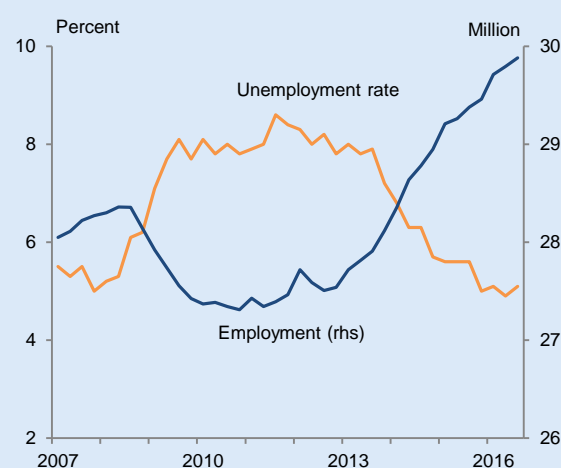
Figure 5.1:
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National accounts*; shaded: IfW forecast.

Figure 5.2:
Labor market, 2007–2016



Quarterly data, seasonally adjusted.

Source: Office of National Statistics, *Economy*.

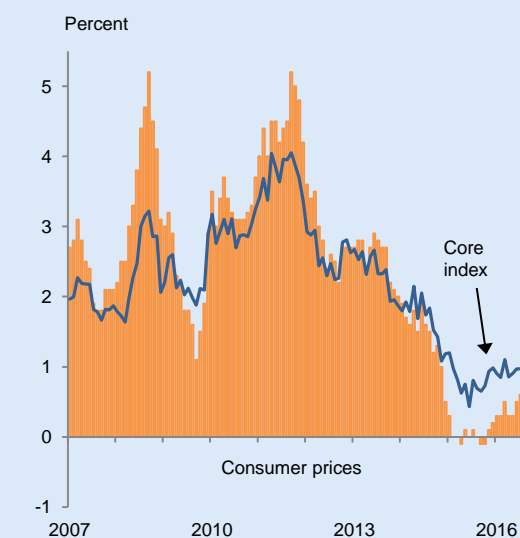
Table 5.1:
Key indicators United Kingdom, 2015–2018

	2015	2016	2017	2018
Gross Domestic Product	2.2	2.0	1.2	1.6
Domestic expenditure	2.5	1.2	0.6	1.0
Private consumption	2.8	2.7	1.3	1.4
Government consumption	1.4	1.3	1.5	0.5
Gross fixed investment	3.3	1.1	-1.0	0.5
Inventories	0.0	-0.5	-0.1	0.0
Net exports	-0.5	0.4	0.6	0.5
Exports	4.8	2.8	3.0	3.6
Imports	5.8	2.2	-0.4	1.0
Consumer prices	0.1	0.6	2.2	2.0
Unemployment rate	5.3	4.9	5.0	5.3
Current account balance	-5.4	-5.5	-4.6	-3.8
Government budget balance	-3.7	-3.5	-4.1	-3.6

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: IfW forecast.

Figure 5.3:
Consumer prices, 2007–2016

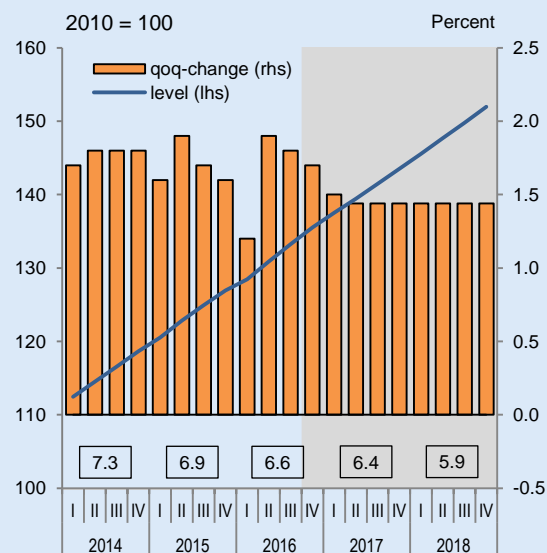


Monthly data. Change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

6. China

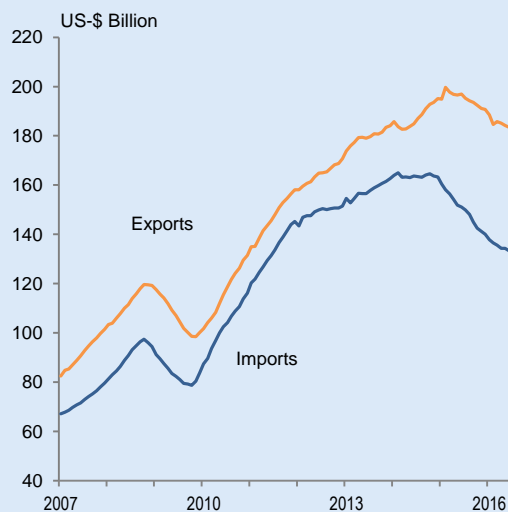
Figure 6.1:
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: National Bureau of Statistics China; shaded: IfW forecast.

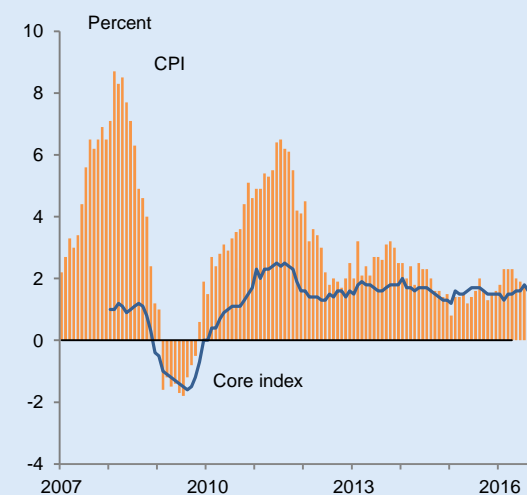
Figure 6.2:
Exports and imports, 2007–2016



Monthly data, 12-month moving average.

Source: General Administration of Customs; own calculations.

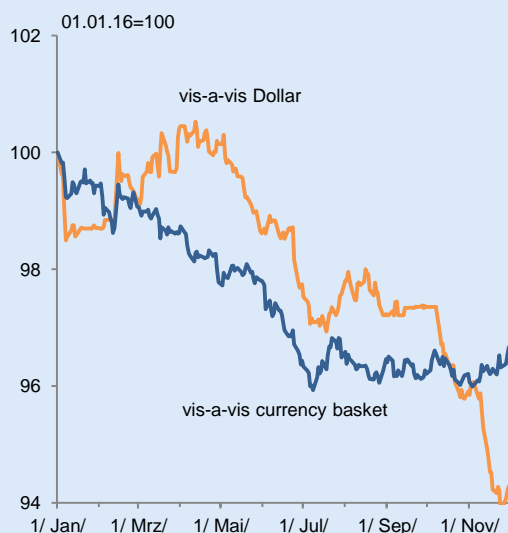
Figure 6.3:
Consumer prices, 2007–2016



Monthly data; y-o-y growth rate. Core index: CPI excluding food.

Source: National Bureau of Statistics.

Figure 6.4:
Exchange rate

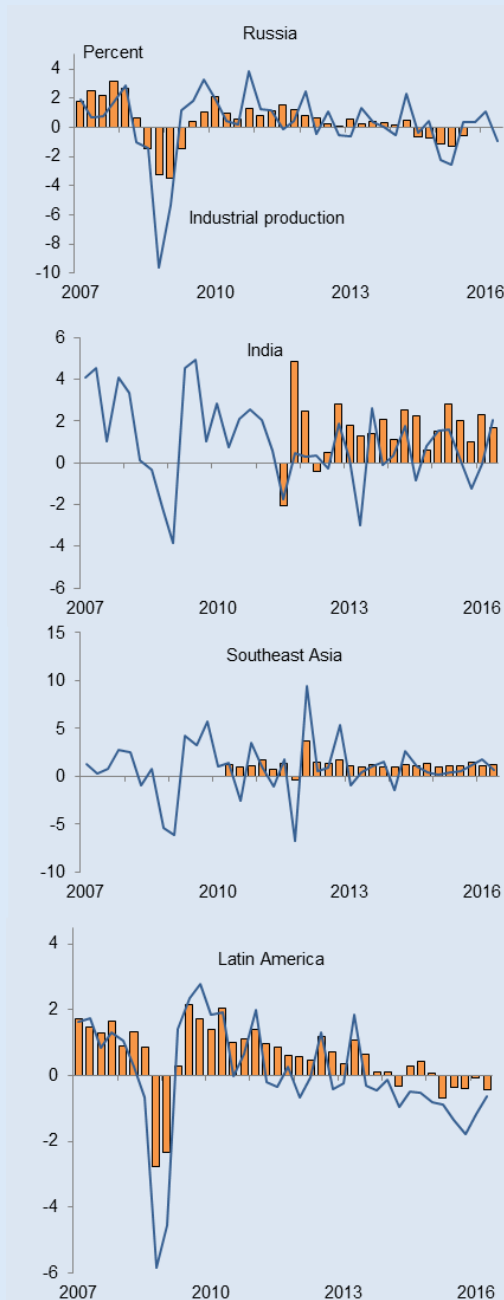


Daily data.

Source: China Foreign Exchange Trade System; own calculations.

7. Emerging Economies

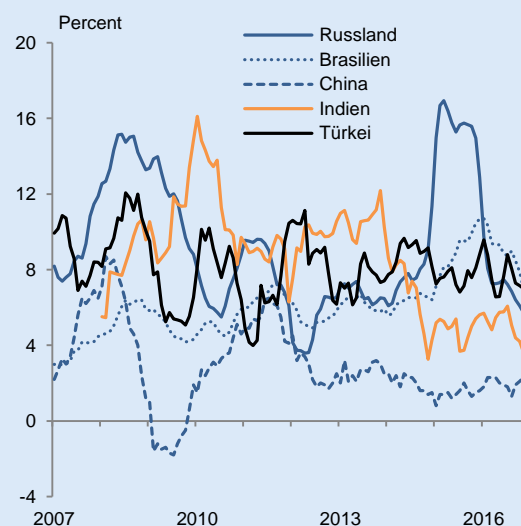
Figure 7.1:
GDP and Industrial production in Emerging Economies
2007–2016



Quarterly data; volumes; seasonal adjusted; change over previous quarter; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: Q4 2015 to Q2 2016 partly estimated.

Source: IMF, *International Financial Statistics*; national statistical offices; own calculations.

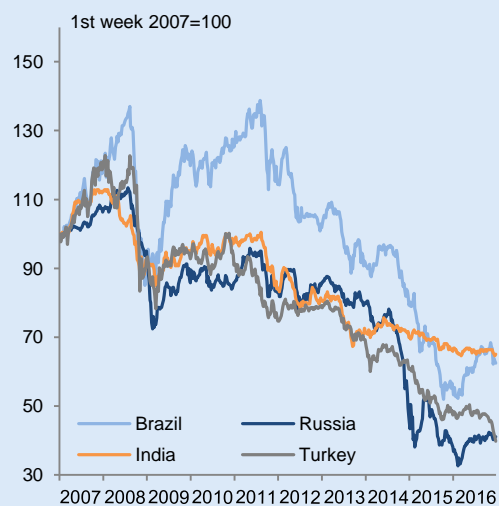
Figure 7.2:
Consumer prices, 2007–2016



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

Figure 7.3:
US-dollar exchange rates, 2007–2016



Weekly data. Last value: 7 December 2016.

Source: Thomson Financial Datastream.

8. Forecast summary

Table 8.1:
Key assumptions, 2016–2018

	2016				2017				2018			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	0.3	0.3	0.3	0.5	0.5	0.8	0.8	1.0	1.0	1.3	1.3	1.5
Japan	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1
Euro area	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates												
US-dollar/euro	1.10	1.13	1.12	1.07	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
Yen/US-dollar	115.3	108.8	102.5	109.6	115.0	115.0	115.0	115.0	115.0	115.0	115.0	115.0
Oil price (Brent, US-dollar)	35.3	46.8	47.0	50.5	52.0	52.6	53.2	53.8	54.5	55.0	55.5	56.0
HWI-Index indust. commodities	87.7	95.2	97.5	106.3	108.4	108.8	109.6	110.7	111.9	113.3	115.0	116.7

Key interest rate: Fed Funds Rate (United States, since December 2015 between 0.25 to 0.5 percent; overnight rate (Japan); main refinancing operations (euro area).

Source: HWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: IfW forecast or assumption.

Table 8.2:
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2016–2018

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
European Union	37.2	1.8	1.7	1.8	0.3	1.4	1.5	8.6	8.2	7.7
Euro area	26.9	1.7	1.7	1.7	0.2	1.2	1.4	10.1	9.5	8.8
United Kingdom	6.0	1.6	1.2	1.6	0.9	2.4	2.0	4.8	5.0	5.1
Sweden	1.1	3.1	1.8	1.8	1.1	1.7	1.6	6.9	6.7	6.6
Poland	1.1	2.6	2.8	3.0	-0.9	0.8	1.3	6.1	5.7	5.5
Switzerland	1.5	0.9	1.3	1.5	-0.4	0.5	0.8	4.7	4.6	4.4
Norway	0.9	1.0	1.5	1.8	3.8	3.0	2.5	4.6	4.6	4.5
United States	41.1	1.6	2.5	2.7	1.3	2.3	2.6	4.9	4.5	4.5
Canada	3.6	1.5	1.9	2.1	1.3	1.9	2.0	7.1	6.9	
Japan	9.5	1.0	1.2	0.7	-0.1	0.5	0.6	3.1	3.0	3.0
South Korea	3.2	2.8	3.0	2.9	1.3	2.2	2.1	3.5	3.4	3.3
Australia	3.1	2.5	3.0	3.0	2.1	2.4	2.5	5.8	5.6	5.3
Total	100.0	1.7	2.2	2.2	0.8	1.9	2.0	6.3	6.0	5.5

Based on GDP at prices and exchange rates of 2015 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2015.

Source: Eurostat, *National Accounts*; OECD, *Main Economic Indicators*; IMF, *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: IfW forecast.

Table 8.3:
Real gross domestic product, consumer prices and unemployment rates in the European Union, 2016–2018

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Germany	20.6	1.8	2.0	2.0	0.3	1.4	1.6	4.2	4.0	3.4
France	14.8	1.2	1.2	1.4	0.3	1.3	1.4	10.0	9.8	9.4
Italy	11.1	0.9	0.8	1.0	0.0	0.9	1.0	11.6	11.0	10.2
Spain	7.4	3.3	2.6	2.0	-0.4	1.0	1.2	19.7	18.0	17.0
Netherlands	4.6	2.1	2.2	1.9	0.1	1.0	1.2	6.1	5.3	4.7
Belgium	2.8	1.2	1.4	1.6	1.7	2.2	2.4	8.2	8.3	8.2
Austria	2.3	1.5	1.7	1.6	0.9	1.5	1.7	6.0	5.9	5.7
Ireland	1.7	3.0	3.6	2.8	-0.3	1.0	1.4	8.0	6.9	6.0
Finland	1.4	1.6	1.9	1.7	0.4	1.4	1.6	8.9	8.4	8.0
Portugal	1.2	1.3	1.5	1.3	0.7	1.4	1.6	11.3	10.4	9.5
Greece	1.2	0.4	1.9	2.3	0.1	1.2	1.4	23.5	21.9	20.0
Slovak Republic	0.5	3.5	3.7	3.3	-0.5	0.9	1.3	9.7	8.2	7.0
Luxembourg	0.4	3.6	3.1	2.8	0.0	1.1	1.5	6.2	6.0	5.8
Slovenia	0.3	2.6	3.1	2.8	-0.1	1.2	1.5	7.9	7.3	6.9
Lithuania	0.3	2.1	2.9	3.1	0.6	1.5	1.9	8.0	7.1	6.5
Latvia	0.2	0.9	2.4	3.2	0.0	1.2	1.7	9.7	9.0	8.5
Estonia	0.1	1.1	2.6	2.6	0.7	1.9	2.3	6.7	6.4	6.0
Cyprus	0.1	2.9	3.1	3.0	-1.2	0.8	1.3	12.4	11.0	10.0
Malta	0.1	3.6	3.3	3.1	0.9	1.7	2.2	4.9	4.7	4.5
United Kingdom	17.5	1.6	1.2	1.6	0.9	2.4	2.0	4.8	5.0	5.1
Sweden	3.0	3.1	1.8	1.8	1.1	1.7	1.6	6.9	6.7	6.6
Poland	2.9	2.6	2.8	3.0	-0.9	0.8	1.3	6.1	5.7	5.5
Denmark	1.8	1.0	1.5	1.7	0.2	1.2	1.3	6.2	6.0	5.8
Czech Republic	1.1	2.4	2.5	3.0	0.5	1.5	1.7	4.0	3.5	3.2
Romania	1.1	4.7	4.0	4.0	-1.0	1.5	2.0	6.2	6.0	6.0
Hungary	0.7	1.4	2.0	2.1	0.4	1.7	2.3	5.2	4.9	4.8
Bulgaria	0.3	3.0	3.2	3.1	-1.2	0.8	1.0	7.7	7.0	6.7
Croatia	0.3	2.5	2.7	2.3	-0.6	0.9	1.0	13.3	12.0	11.3
European Union	100.0	1.8	1.7	1.8	0.3	1.4	1.5	8.6	8.2	7.7
<i>Addendum:</i>										
European Union 15	91.9	1.7	1.6	1.7	0.4	1.4	1.5	9.0	8.5	8.0
Accession countries	8.1	2.7	2.9	3.0	0.0	0.2	0.2	6.8	6.2	5.9
Euro Area	71.2	1.7	1.7	1.7	0.2	1.2	1.4	10.1	9.5	8.8
Euro Area without Germany	50.5	1.6	1.6	1.6	0.2	1.2	1.4	12.2	11.4	10.7

Based on GDP at prices and exchange rates of 2015 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2015. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

Table 8.4:
Real gross domestic product and consumer prices in selected emerging market economies, 2015–2018

	Weights	Real GDP				Consumer prices			
		2015	2016	2017	2018	2015	2016	2017	2018
Indonesia	6.0	4.8	5.0	5.2	5.4	6.4	3.5	3.8	3.8
Thailand	2.3	2.8	3.3	3.5	4.0	-0.9	0.2	2.0	2.4
Malaysia	1.7	5.0	4.2	4.6	4.9	2.1	2.0	2.8	3.0
Philippines	1.6	5.9	6.7	6.2	6.0	1.4	1.7	2.6	3.0
Total	11.6	4.6	4.8	4.9	5.1	3.6	2.4	3.2	3.3
China	41.0	6.9	6.6	6.4	5.9	1.4	1.9	2.0	2.3
India	16.8	7.3	7.1	6.8	7.2	4.9	5.3	5.5	5.5
Asian countries	69.5	6.6	6.4	6.3	6.1	2.6	2.8	3.0	3.3
Brazil	6.8	-3.8	-3.5	-0.4	1.6	9.0	8.8	5.1	4.9
Mexico	4.7	2.6	2.0	2.5	2.8	2.4	2.9	3.1	3.0
Argentina	2.1	2.5	-1.8	2.7	2.8	25.0	25.0	23.2	19.0
Colombia	1.4	3.1	1.7	1.9	2.7	5.0	7.5	4.0	3.7
Venezuela	1.1	-6.2	-10.0	-4.5	-3.0	121.7	475.8	0.0	0.0
Chile	0.9	2.3	1.7	2.1	2.7	4.3	3.8	2.9	2.8
Peru	0.8	3.3	4.1	4.0	3.7	3.5	3.6	2.9	2.7
Latin American countries total	17.7	-0.3	-1.2	1.0	2.0	8.2	8.5	6.4	5.8
Russia	7.9	-3.7	-0.6	1.2	1.7	15.5	7.0	6.0	5.0
Turkey	3.4	4.0	1.6	1.2	4.7	7.7	8.5	8.1	7.3
South Africa	1.5	1.3	0.5	1.2	1.8	4.6	6.4	6.0	5.5
Total	100.0	4.4	4.3	4.7	4.9	4.8	4.4	4.1	4.0

Based on 2015 GDP at purchasing power parities; in percent.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: IfW forecast.